

Weatherization Program Notice 01-6

Effective Date - January 3, 2001

SUBJECT: UPDATED WEATHERIZATION ASSISTANCE PROGRAM MONITORING POLICY

PURPOSE: To issue the updated monitoring policy for the Weatherization Assistance Program for Low-Income Persons (Weatherization) for use by the states.

SCOPE: The provisions of this guidance apply to all grantees applying for financial assistance under the Department of Energy's (DOE) Weatherization Assistance Program for Low-Income Persons. This updated monitoring policy becomes effective with Program Year 2001.

BACKGROUND: Title IV, Energy Conservation and Production Act, as amended, authorized the Department Of Energy to administer the Weatherization Assistance Program for Low-Income Persons. All grant awards made under this Program shall comply with the applicable law, including regulations contained in 10 CFR 440, and other procedures applicable to this regulation as DOE may, from time-to-time, prescribe for the administration of financial assistance.

The Weatherization rule, in Section 440.23, Oversight, training and technical assistance, prescribes that "the Secretary and the appropriate Regional Office Director, in coordination with the Secretary of Health and Human Services, shall monitor and evaluate the operation of projects carried out by CAAs receiving financial assistance under this part through on-site inspections, or through other means, in order to ensure the effective provisions of weatherization assistance for the dwelling units of low-income persons."

Section 440.23 states that "DOE shall also carry out periodic evaluations of a program and weatherization projects that are not carried out by a CAA and that are receiving financial assistance under this part."

Further, this section prescribes that "the Secretary of Energy, the appropriate Regional Office Director, the Comptroller General of the United States, and for a weatherization project carried out by a CAA, the Secretary of Health and Human Services or any of their duly authorized representatives, shall have access to any books, documents, papers, information, and records of any weatherization project receiving financial assistance under the Act for the purpose of audit and examination."

This section also requires that each grantee ensure that audits by or on behalf of subgrantees are conducted with reasonable frequency, on a continuing basis, or at scheduled intervals, usually annually, but not less frequently than every two years, in accordance with 10 CFR part 600, and OMB (Office of Management and Budget) Circular A-110, Attachment F, as appropriate.

PROCEDURES: DOE considers the monitoring function as critical to the prudent, successful administration of the Weatherization Program. This policy addresses monitoring by DOE's

Regional Offices of grantees and grantee monitoring requirements of locals. This policy becomes effective with Program Year 2001. Following are the monitoring requirements, by entity, of the Program.

REGIONAL OFFICE MONITORING OF GRANTEES: The regional offices will monitor the states in their region, via a site visit, at least every two years. States are to be monitored against their current, approved state plans. Periodically, regional office staff should accompany states to observe their monitoring and oversight of subgrantees. Regions will contact their grantees to determine the best time for a site visit. Written notice of the planned visit will be provided to the grantee at least 30 days in advance of the visit. The attached monitoring guide, which addresses both programmatic and financial components, will be used. States may expect the regions to review any or all of the components in the guide. A written monitoring report should be issued to the state at least 30 days after completion of the site visit. The monitoring report provided to the state agency should include the specific items addressed during the visit and the due date for any follow-up actions required of the state.

In the year that the region does not conduct a site visit to a particular state, it is expected that desk monitoring of that state will occur. As part of the desk monitoring, regions can use conversations with the states, WinSAGA, correspondence, fiscal and programmatic reports, etc., to assist them.

STATES MONITORING OF LOCALS: The state is responsible for executing the activities contained in the state plan approved by the applicable regional office. This responsibility includes ensuring that grant funds are expended in accordance with applicable law, including regulations contained in 10 CFR 440; applicable OMB circulars; DOE Financial Assistance Rule (10 CFR 600); other procedures as DOE may occasionally prescribe for the administration of financial assistance; and, applicable state requirements.

Monitoring Approach: States shall include the method used to ensure the quality of work and adequate financial management controls at the subgrantee level in their state plan in Section III.6.3 of the Master File. The overall monitoring approach shall be described, including the monitoring method used to ensure quality of work and financial management control, and the percentage of Training and Technical Assistance (T&TA) funds spent on monitoring. Monitoring activities specific to the program year should be described in Section II.6 of the Annual File.

Role: The state must conduct an assessment of each subgrantee at least once a year. The state may make as many program assessment visits as necessary and for which resources are available. By the close of the program year, the state is expected to have completed a comprehensive review of each subgrantee, including its last financial audit. Failure to comply with this requirement is sufficient cause to require special conditions to the grant under 10 CFR 600.212.

An exception to the annual subgrantee visit requirement can be made for those agencies designated by the state as "exemplary" agencies. A justification for each agency designated as exemplary must be included in the state monitoring plan, in the Annual File, and approved by the Regional Office. The agencies designated as "exemplary" must receive an assessment visit at

least every other year. States are required to continue to provide oversight by reviewing all relevant reports for these designated agencies and act accordingly should a problem arise. States are still required to ensure that the agencies designated as "exemplary" are satisfying all existing program requirements, including a final inspection of all homes weatherized each program year.

Visit: The subgrantee should be briefed on the observations and findings generated by the visit, usually through an exit interview. At least 30 days after each visit, the state will prepare a written report on its findings and send it to the subgrantee for corrective action, if applicable. Non-compliance findings, unresolved within forty-five days, should be reported to the regional office immediately.

Tracking: Major findings from subgrantee assessment visits and financial audits should be tracked by the state to final resolution. DOE recommends that the tracking record developed by the state include, but not be limited to: findings, success stories, recommended corrective actions, deliverables, due dates, responsible parties, actions taken, and final resolution.

Analysis: Annually, the state will summarize and review each subgrantee's audit, program assessment reports and findings for internal assessment of state and subgrantee needs, strengths, and weaknesses. The results of this annual assessment should be considered during annual planning and should be available in the state office for the regional offices to review during its state program assessment visits.

Reporting: During the reporting period, summary information, including successes as well as significant problems (as opposed to each and every problem) that are found, should be identified and reported to DOE on the Monitoring Report in WinSAGA or, for those states not using WinSAGA, by submitting a paper report to the applicable regional office. Only those official visits that would normally be reported to DOE, not routine day-to-day activities, are required. The monitoring report is due semi-annually, 30 days after the end of the reporting period.

CONCLUSION: In over 24 years of experience in administering the Weatherization Program, much has been learned and many improvements made in all aspects of the Program. The advances that have been made are directly attributable to the use of advanced auditing tools, the use of diagnostic equipment, and providing better, more frequent training and technical assistance. The data from the monitoring reports may be used to identify national training needs and other national trends; to assist in assessing needs for future special programs and projects; and to help build agenda topics for future conferences. DOE believes in a team approach to monitoring - - we are all necessary, at all Program levels, to ensure that the highest quality comprehensive services are provided to our nation's low-income citizens. DOE appreciates the quality work performed by everyone at all levels of the Weatherization Program.

Gail McKinley, Director
Office of Building Technology Assistance
Energy Efficiency and Renewable Energy

MONITORING GUIDE

Regional Offices should monitor each state against its approved state plan. When monitoring the State agency, the following items may be included in the review. The monitoring report provided to the State agencies should include the specific items addressed during the visit and the due date for any follow-up actions required of the State.

Programmatic Review

- Determine if new regulatory and legislative changes are implemented. If not, ask why and, if appropriate, how DOE can assist States in incorporating new changes.
- Follow through on action items.
- Review procedures manual or identify procedural issues through dialogue.
- Review client files.
- Review monitoring files.
- Review contract files.
- Review reported items/issues.
- Identify successes.
- Review Training and Technical Assistance activities.
- Review leveraging activities.

Financial Review

- Financial Reporting
- Payment Procedures
- Invoice Review Process
- Financial Tracking System (State's internal financial process)
- Payroll
- Financial Controls (the risk of mistakes being reported on financial documents and not being detected)Basis of Accounting (cash or accrual)
- Administration Cost (percentage being used for our program)
- Account Receivables